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C O N F I D E N T I A L SECTION 01 OF 02 SARAJEVO 000489

SIPDIS

DEPARTMENT FOR EUR(JONES), EUR/SCE(FOOKS/MCGUIRE); NSC FOR
HELGERSON

E.O. 12958: DECL: 01/01/2017
TAGS: [PGOV](#) [PREL](#) [PINR](#) [KJUS](#) [KCRM](#) [KDEM](#) [BK](#)
SUBJECT: BOSNIA - DODIK INVESTIGATION TO START NEXT WEEK;
COVIC INDICTMENT FILED

REF: SARAJEVO 206 AND PRIOR

Classified By: DCM Judith Cefkin. Reasons 1.4(b) and (d).

11. (C) SUMMARY: The State Prosecutor's Office (SPO) expects to open a formal investigation into Republika Srpska (RS) Prime Minister Milorad Dodik on Tuesday, April 21. Dodik is one of nine individuals, including three sitting RS ministers, alleged to have committed a variety of criminal offenses. Though the report opening of the investigation is not a public document, our SPO contact anticipates that it will ultimately leak. In a separate, but also anticipated development, the SPO contact told us that his office had filed indictments against Croat political leader Dragan Covic and former Federation PM Edhem Bicakcic (Bosniak). Separate indictments against both men may also be filed within the week by the Sarajevo Canton Prosecutor. This indictment could also implicate the current Federation PM Nedžad Brankovic (Bosniak). END SUMMARY

Prosecutor Will Open Investigation Into Dodik

12. (C) According to a well-placed source with the State Prosecutor's Office (SPO), the SPO has completed work on an 18-page report -- "conduct for opening investigation" -- based on the criminal report filed with it by SIPA in February (Ref A). The report alleges that nine individuals, including RS PM Dodik, at least three current RS ministers, two RS agency heads, and some private individuals, are guilty of a variety of criminal offenses. Among them are abuse of office, breaches of the BiH Public Procurement Law, "lack of commitment to working" (essentially criminal negligence, as it was explained to us), violations of state-level tax law, improper invocation of state-level secrecy laws, and money laundering. There are six criminal counts contained in the report, and Dodik is named in three of them. He is accused of abuse of office in connection with construction of the new RS Government Building, another building contract, and construction of the Banja Luka-Gradiska highway. Dodik is also implicated in violations of the BiH Public Procurement Law. Dodik's close friend and head of Integral Engineering, Slobodan Stankovic, is accused of, among other things, money laundering.

13. (C) Our SPO contact tells us that the report will be signed and filed with the SPO's Piscarna, or Clerk's Office, on Tuesday, April 21. This would mark the opening of a formal investigation into RS PM Dodik. Given the sensitivity of the case the lead investigator, a Slovenian national, and Drew Engel, the Head of the Special Department of Organized Crime and Corruption (SDOC), will brief Chief Prosecutor

Barasin on April 21 immediately before the report is filed with the Piscarna. The briefing is not required, however; nor is the Chief Prosecutor required to sign the report, which is an internal, not public, document. Our contact tells us that thought the SPO is taking extraordinary measures to prevent it from leaking, they expect it to anyway. Once the SPO begins the series of investigative actions associated with the cases, it will be impossible to keep the investigation secret in any case. These actions are expected to begin with two weeks, and we are told that they will include a review/audit of Integral's financial and other records. Over time investigative actions will also include requests for documents from the RS government and formal questioning of witnesses.

Covic/Bicakcic Indictments Filed

14. (C) In a separate, but also long anticipated move, the SPO filed indictments against Dragan Covic, President of the Croat Democratic Union (HDZ-BiH), and former Federation PM Edhem Bicakcic. The Covic and Bicakcic indictments are now before a "confirmation judge" at the State Court, but our contacts expect a positive ruling within the week. News of their indictment should break not long before or after the confirmation. Both men are accused of abuse of office in connection with their activities as members of the Federation government in 1999/2000. Bicakcic, a Bosniak from the Party of Democratic Action (SDA), was Federation PM from 1998-2001; Covic was Deputy PM and Finance Minister at the time the alleged offenses occurred. According to our SPO contact the

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Sarajevo Canton Prosecutor is expected to file separate indictments against Covic and Bicakcic. The Sarajevo Canton case may also implicate the current Federation PM Nedžad Brankovic, a Bosniak (SDA).
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